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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 4 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities.
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

- "C" USSR. Stalin's Son Elected to Moscow Party Committee. Lieut. Gen. Vassily Stalin has been elected a member of the Moscow Party Committee. He is commander of the air forces of the Moscow military district. [redacted] 25X1
- [redacted] COMMENT: From this report, it is not clear whether Vassily Stalin has been elected to the Moscow Oblast or the City Committee. This post is mainly an honorary one, since real authority is wielded by the local Party secretaries. However, it represents Vassily's first Party position. 25X1
- "B" EASTERN EUROPE. Satellites Transmit Moscow Propaganda to Balkans. [redacted] 25X1
- [redacted] Moscow is gradually increasing the amount of time reserved on satellite medium wave stations for the relaying of Moscow broadcasts in Serbo-Croat, Slovene, Macedonian, Greek, French and Italian. The Satellite stations thus pre-empted transmit their own Home Services until late afternoon and then pick up Moscow transmissions for the balance of the evening. [redacted] Radios Sofia, Bucharest and Nyiregyhaza (Hungary) receive five hours of Moscow relays daily. Two Czechoslovak stations are similarly used for a combined total of four hours daily. [redacted] 25X1
- "B" CZECHOSLOVAKIA. Czechoslovak Ambassadors Not to Return to Washington and London. The US State Dept was notified informally on 3 Apr by the Czechoslovak Charge d'Affaires that Czechoslovak Amb Vladimir Outrata would not return to Washington. According to the US Emb in London, the furniture of Rudolph Bystricky, Czechoslovak Amb to Great Britain, as well as that of the Czechoslovak MA, has been removed from their residences. The English press has reported that the Amb's family will leave London shortly, but this information has not been confirmed by the US Emb. [redacted] 25X1
- [redacted] COMMENT: All except one of the Czechoslovak Ambs who had apparently been recalled to Praha just prior to the public announcement of the Clementis conspiracy have now either defected or been relieved of their assignments. [redacted] 25X1
- [redacted] The exception is the Czechoslovak Amb to Argentina, Alexander Kunosi, currently heading the Czechoslovak delegation to the UN ECOSOC conference in Santiago, Chile. It is probable that he will defect rather than return to Praha. 25X1
- "B" POLAND. German Polish Friendship Pushed. The leading Warsaw newspaper "ZYCIE WARSZAWY" on 2 Apr featured a speech by Otto Grotewohl strongly supporting a Polish-East German rapprochement at the second annual conference of the German Polish Friendship Society in Berlin. Grotewohl condemned the Oder-Neisse boundary "revisionism" of the Western Powers since Potsdam, and dwelt on the need for consolidating Polish-German friendship as a vital element in the struggle for peace. US Emb Warsaw noted that the most significant point made by Grotewohl as regards Poland was his declaration that any attack on the Oder-Neisse frontier would be considered an attack on the German nation. [redacted] 25X1

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COMMENT: The current gathering sponsored by the Polish and East German regimes marks a continuing Communist effort to allay the deep-seated suspicion of the German and Pole for one another. A number of references in Grotewohl's speech hint that this deterrent to a Polish-East German rapprochement has not been significantly altered by Communist efforts.

"C" YUGOSLAVIA. Hungarians Withdraw Charge from Belgrade. The Hungarian Government has withdrawn its Charge d'Affaires, Istvan Hrabec, from Belgrade for medical treatment; it demanded "full satisfaction" from the Yugoslav Government for an alleged physical attack on the Charge. According to the Hungarian story, the Charge and his chauffeur were attacked and badly beaten up without cause by UDB officials and militiamen. The Yugoslavs, however, claim the incident resulted from a traffic accident involving the Hungarian diplomat. The Yugoslavs maintain that the street fight which followed was deliberately provoked by the Hungarian representative in order to show his ill will toward Yugoslavia. [REDACTED] COMMENT: The Yugoslavs recently ousted the Bulgarian Charge for subversive activities [REDACTED] and closed the remaining Soviet Consulates in Yugoslavia [REDACTED] Other Satellites may follow the Hungarian precedent, thereby reducing Satellite representation in Yugoslavia to an even smaller number.

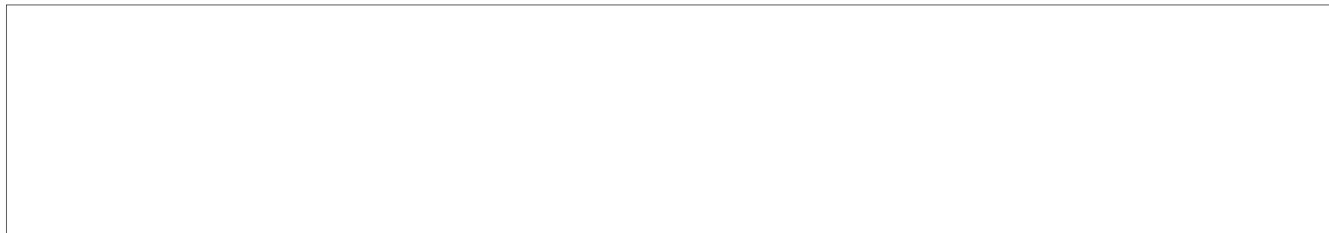
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SECTION 2 (EASTERN)



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"C" AUSTRALIA. Government Stresses Anti-Communist Program in Election Campaign. Prime Minister Robert G. Menzies, opening the Liberal-Country Party's election campaign in Melbourne, emphasized that the attack on Communism would remain the Government's chief preoccupation. Referring to the High Court's recent invalidation of the Communist Party Dissolution Act, Menzies declared the Government either will ask the states to transfer the necessary powers for anti-Communist legislation or propose an amendment to the Commonwealth Constitution. [REDACTED] COMMENT: With the Liberal-Country Party basing its campaign on anti-Communism and the Labor Party centering its attack on the Government's inability to halt inflation [REDACTED] the primary issues now appear to be clearly defined.

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"B" BURMA. KMT Troops in Burma Cause Concern. [REDACTED] that some 3000 KMT troops who have been taking refuge in Kengtung state since last summer are moving northward to the Sino-Burmese border in the Wa states. He believes it probable that Chinese Communist forces opposite Wa and Kengtung (numbering 4-5000) are aware of this movement. GOB officials have long been concerned over the presence of the KMT troops in Burmese territory, fearing that these units might provoke Chinese Communist forces to cross the border against the KMT troops or demand that they be disarmed. It would be difficult for the weak Burmese forces to disarm the KMT and therefore the GOB is considering an appeal to the UN in case of a Chinese Communist protest or demand for Burmese action. [REDACTED] COMMENT: The Burmese C-in-C, in particular, whose troops were committed to containing insurgents in other areas, was concerned at the entry of the KMT remnants last summer. At that time, the GOB sought [REDACTED] to obtain an order from Taipei to the KMT commander that his forces surrender to the Burmese or evacuate Burmese territory. Taipei subsequently issued an order to evacuate but it was ignored. Burmese reluctance to publicize the presence of the KMT troops has heretofore served as a deterrent to a request for UN action.

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"C" CHINA. Views of Former UK Charge in Peiping. US Consul General in Hong Kong reports a conversation with Sir John Hutchison, UK Charge in Peiping for the past year. In regard to the Korean conflict, Hutchison feels that (1) fear of US intentions toward China was an important factor in Chinese intervention in Korea, (2) the USSR will come to Peiping's aid if Chinese territory is attacked, and (3) Peiping will not reduce its terms for a Korean settlement, although heavy Chinese losses might lead to an undeclared cease-fire restoring the situation prevailing before June 1950. Regarding Sino-Soviet relations, Hutchison, noting that the Soviets "are not much in evidence" in Peiping, states his belief that Peiping is unlikely to submit to Russian dictation, and that Western pressure on Peiping forces the regime into increasing dependence on the USSR. [REDACTED]

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[REDACTED] COMMENT: Hutchison's views are largely in accord with the UK's China policy, which has been explicitly based on the premise that Western hostility to Peiping would force the regime into an unnatural dependence on the USSR. In recent months, as belief in the solidarity of the Sino-Soviet alliance has grown, the primary consideration has been the desire to avoid an all-out war with China. Most observers have long felt that Communist China's adherence to the Soviet bloc has been willed, rather than compelled, as the fundamental tenet of an orthodox Stalinist leadership.

"C" Arrest of Foreign Nationals in Shanghai. [REDACTED]

[REDACTED] 18 foreign nationals, including one American, were arrested by the Shanghai authorities in early March. [REDACTED]

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"A" Manchuria to Adopt Chinese Currency. A Hong Kong Communist newspaper features an article from Peiping which states that, effective 1 April, the Manchurian and Inner Mongolian currencies will be recalled and replaced by the regular Chinese currency. After 30 April the old Manchurian and Inner Mongolian currencies will no longer be allowed to circulate in the market. [REDACTED] COMMENT: The difference between the currency systems of Manchuria and China Proper has in the past been cited by some observers as one of the evidences of the special status of Manchuria as a Soviet sphere of influence, only partially subject to Peiping authority. Nevertheless, the movement toward currency unification has been evident for some time. Last summer, circulation of the special Port Arthur-Dairen currency was stopped. In February, the Nationalists stated that a Communist order provided for currency unification by the end of 1951. The particular details with respect to dates which are given in the Hong Kong press article, however, should be treated with reserve, since there has been no direct information from the Chinese Communists themselves, e.g. in the form of broadcasts, announcing the currency unification.

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"A" KOREA. Possible Soviet Jet Bomber Sighted over Northeast Korea. On 29 March a twin-jet bomber, silver in color, was observed traveling at 400 miles per hour over northeastern Korea west of Songjin. Altitude or direction of flight was not reported. A field comment observes that the aircraft resembled a US B-45 jet bomber, but no B-45 was reported to be in the area at the time of sighting. [REDACTED] COMMENT: This sighting was evaluated in the field as "possible Soviet type 27 aircraft". This is the first reported sighting of an enemy jet bomber in this area.

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"C" JAPAN. Opinion Survey on Party Popularity. YOMIURI, influential Japanese daily, has revealed present party popularity, as indicated by a public opinion survey, pointed to the coming local elections. YOSHIDA'S Liberal Party was favored by 48.5 percent of the voters while the Socialists were supported by 32.5 percent, the Peoples Democrats by 12.3 and the Communists by 2.4 percent. [REDACTED] COMMENT: As far as can be determined this far before the election, the survey appears reasonably accurate. While these are local elections, considerable interest is being shown because they will be widely interpreted as a test for YOSHIDA's pro-US policy as opposed to the Socialist neutrality theme.

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SECTION 3 (WESTERN)

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Press Report of Plan for Expansion of East German Alert Police Discounted. [] commenting on a Joseph Alsop column of 26 March, discount the statement that an order "to call up 200,000 additional recruits" for the East German Alert Police had been given and was canceled "at the last minute" during January by the Soviet Kommandatura. US officials doubt that the alleged plan ever existed but state that, if it did, it has almost certainly been abandoned, since (1) the cadre for the Alert Police is not yet sufficiently trained to absorb anywhere near this number, (2) barracks, training areas, uniforms, and weapons for a force of this size are not available and (3) recruitment of 200,000 men at this time would have a serious effect on the 1951 GDR production plan and probably on the GDR five-year plan. []

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[] COMMENT: The present strength of the Alert Police is approximately 52,000. Primarily, for the reasons cited above, it is considered highly unlikely that the force will be significantly expanded for at least six months.

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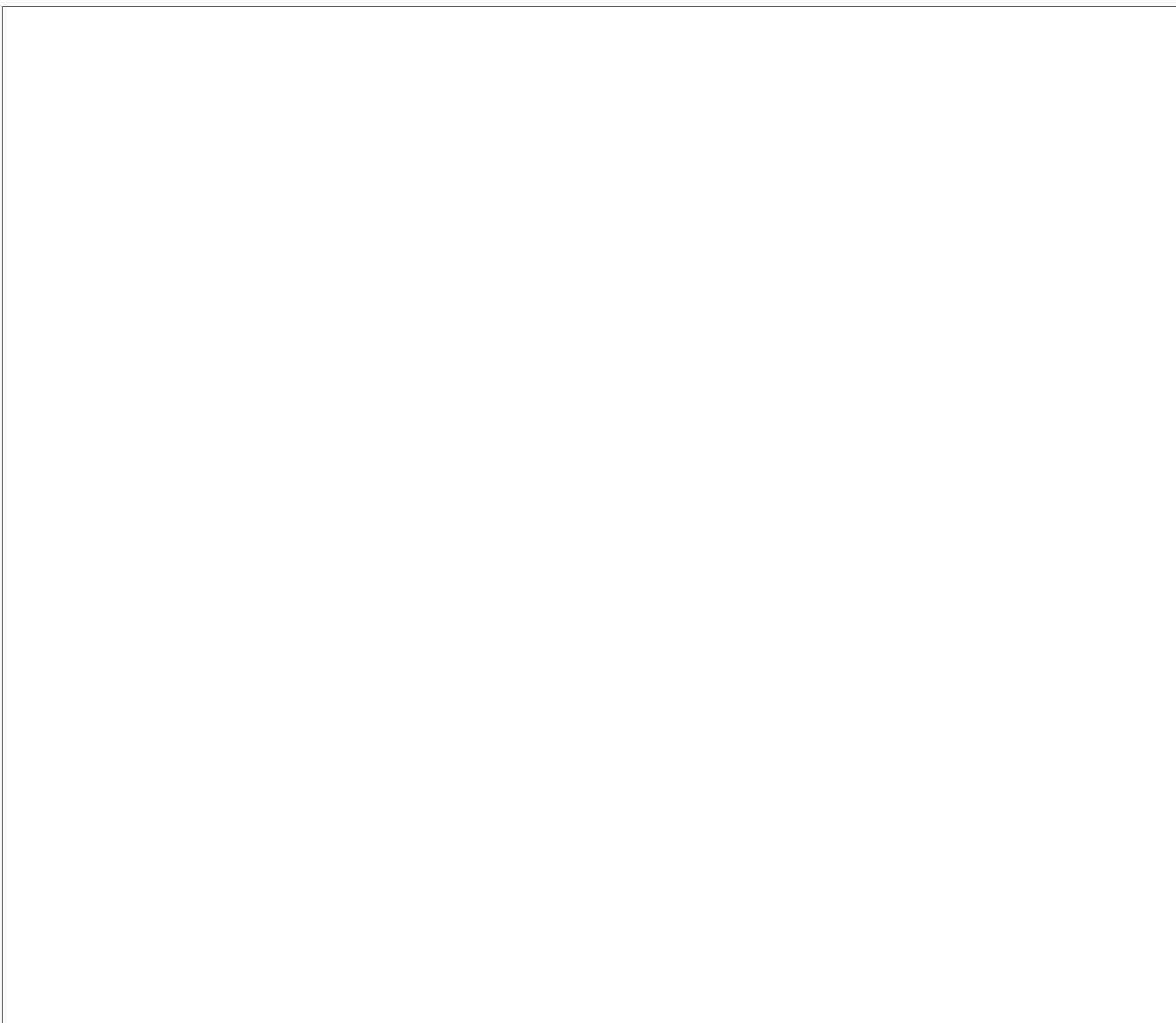
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"A" ITALY. Communists Offer to Return to the Government. A bid for the return of the Italian Communist Party (PCI) to the Government was made by Togliatti at the inauguration of the party's national congress in Rome, almost simultaneously with the announcement by the right-wing Socialists (PSLI) that they will leave the Cabinet at once to effect unification with the Unitary Socialists (PSU). The Communist leader declared his party's participation in the Government was necessary to re-establish peace between the warring political parties and to carry out social reforms. In his speech he hinted that the Communists would consider an understanding even with the De Gasperi Government if it "changes its foreign policy".

COMMENT: Premier De Gasperi, who expelled the Communists

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from the Cabinet in 1947 as trouble-makers, is unlikely even to consider Togliatti's bid. This offer is undoubtedly part of the Communist campaign to win the support of nationalist elements for their "peace" offensive. Coming at this time, it reflects the desire of the PCI to profit propaganda-wise from the dissension within De Gasperi's Christian Democratic Party and, now, from the uncertainty caused by the departure of the Socialists from the Cabinet.

"C" DENMARK. Growing Public Support for a "Neutral" Germany. The chairman of the Social Democratic Party and former Prime Minister, Hans Hedtoft, has informed the US Ambassador that support for the idea of a "neutral" Germany shows some signs of increasing in Denmark. Hedtoft, who expressed concern over the apathy and indifference of the West Germans he encountered during a recent visit there, reiterated his personal belief in the necessity for rearming Germany and integrating its forces with those of western Europe.

[redacted] COMMENT: Most Danes have recognized the need for a strong and democratic Germany integrated into the West European defense system. Many, however, still latently fear German aggression and are susceptible to proposals to neutralize Germany, feeling that a "neutral" Germany poses less danger than a situation characterized by two armed German states or a Germany dominated by the USSR.

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"C" UNION OF SOUTH AFRICA. Government Refusing to Send Ground Troops to Korea. The invitation extended by the UK to contribute ground troops to a proposed Commonwealth Division for Korea will be rejected by the South African Cabinet.

[redacted] that, while a few staff officers will be offered, South Africa cannot afford the casualties suffered by ground troops. Du Toit added that, even should world war break out, the Union would prefer not to send infantry to the theatre of operations. [redacted] has at present no regular army force to send, since its one organized brigade is at less than half its authorized peacetime strength.

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[redacted] COMMENT: Du Toit's informal declaration of the Union's reluctance to send troops abroad in a world war gives further substance to Britain's recently expressed fears that South Africa may not carry out its agreement to supply one armored division (without equipment) for the defense of the Middle East in time of war. [redacted] Strong

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isolationist sentiments among Prime Minister Malan's supporters have helped keep the Union's defense expenditures very low. Even though the recently announced defense budget for 1951 is twice last year's, it is still far from adequate to build up or equip a force commensurate with the Union's Middle Eastern commitment. A large portion of the increase will go to maintain the South African air squadron in Korea.

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"C" PERU. Peruvian Acrimony toward Chile. One of the most important Peruvian newspapers states that for almost a year the Chilean President has been giving consideration, behind the back and without the knowledge of the Peruvian Government, to the question of a Bolivian outlet to the sea, and that this fact can only be interpreted as an action injurious to Peru. General public reaction is supporting this stand. Although the situation may prove transitory, the matter is causing considerable acrimony toward Chile at present. [redacted]

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[redacted] COMMENT: The Bolivian corridor question concerns the territory on the Peruvian-Chilean border, which was the subject of bitter contention between Chile and Peru for half a century, from the War of the Pacific (1879-83) until an agreement was finally reached in 1929.

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"C" COSTA RICA. Government Moves Against Revolutionary Group. The Costa Rican Government has arrested at least five followers of revolutionary leader Rafael Calderón-Guardia in connection with a series of bomb explosions, which are said to have been preliminary to a simultaneous explosion of many bombs and possible street fighting. The Government said that arms were to be flown in from Mexico. Following the arrests, another bomb was exploded outside a major motion picture theater.

[redacted] COMMENT: The arrests were made a week after the last of nine unexplained bomb attempts (the first was in early January) against public figures and government officials. The victims were of such diverse political orientation that no pattern of intent was obvious, except possibly the desire to create fear and confusion as a build-up for some major political or revolutionary move. Exiled Calderonistas in Nicaragua have been attempting to collect arms and organize an uprising for the past two years, but have never reached a degree of organization sufficient to insure success.

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"C" BOLIVIA. Paz Estenssoro to Return to La Paz on 5 April. On 3 April the La Paz press confirmed [redacted] that Victor Paz Estenssoro, presidential candidate of the extreme rightest MNR opposition party, will return to La Paz on 5 April. A crowd of at least 1,000 is expected to greet him. Paz' return from exile has been authorized by the Government "without prejudice to his position vis-a-vis the courts," where charges remain outstanding against him. Embassy La Paz doubts that Paz will be arrested at the airport, but considers it possible that Paz may be arrested a day or two thereafter "at the request of some judge." [redacted]

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COMMENT: MNR leaders are suspicious that the Government may have tricked Paz into returning in order to arrest him and to prevent his running in the 6 May elections. The MNR is convinced that it will win if honest elections are held. If it appears that Paz will be prevented from running, the MNR may again resort to revolutionary activity.

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DAILY DIGEST SUPPLEMENT

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CENTRAL INTELLIGENCE AGENCY

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4 April 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"A" Western Disagreement over Latest Soviet Proposal. At a meeting of the Western delegates on 3 April, the chiefs of the UK and French delegations initially indicated a willingness to accept the Soviet proposal of 30 March that the NAT and US bases be included in the agenda, while the chief of the US delegation expressed his personal view that the West could not accept the proposal. Although the French were brought around to this view, the chief of the UK delegation remained opposed and stated his intention to consult London in the matter. It was agreed, however, that: (1) the Western powers would ask Gromyko for a "further reply" on the new complete agenda presented by the West on 2 April; (2) counter-moves would be considered, such as proposal of an item on Soviet support of armed aggression; and (3) it would be determined whether the Western governments are ready to oppose the latest Soviet proposal to the point of a deadlock. The chief of the US delegation had previously reported his consideration of such counter-proposal items as the Soviet military alliance system and the stationing of troops outside the USSR.

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SECTION 2 (EASTERN)

"A" PHILIPPINES. Embassy Comment on Huk Attacks Involving Americans. With reference to recent Huk attacks on US nations, US Embassy Manila reports that it does not know whether the Philippine Communist Party and the Huks have decided to extend violence to Americans, but states that recent incidents "at least raise the presumption" there has been a change in Huk policy in this regard. The Embassy believes that only the passage of time during which Americans remain substantially unmolested will serve to rebut this presumption and, in any case, concludes that, if they have not already done so, the Communists will in the not distant future probably abandon their former policy of non-violence toward Americans.

COMMENT: No further Huk attacks involving Americans have been reported.

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SECTION 3 (WESTERN)

"B" FRANCE-CHINA. Recent Shipment of French Steel Rails to Communist China.
A recent shipment to Communist China through Antwerp of 2,500 metric tons of French steel rails is believed by Embassy Paris to be part of an order totaling 16,000 tons of rails and 480 tons of fittings ostensibly for delivery to Venezuela, and the Embassy surmises that the funds for this transaction originated in the Soviet sector of Berlin. Embassy Brussels considers a clarification of French export license cancellation policy important because it was the basis of the Belgian embargo on steel rails to China, but Embassy Paris doubts that the French Government was aware of the ultimate destination of the shipment already forwarded, inasmuch as the initial French purchasers acted through a Lichtenstein firm and the financing was handled by a Swiss bank. [REDACTED]

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[REDACTED] COMMENT: In January 1951, as a result of urgent US representations, the French Government prohibited further licenses and canceled most of those outstanding for the export of steel rails to Communist China. While this policy has probably not been changed, there have been some reports of small shipments of French rails through Belgium to Communist China since January 1951. It is probable that in these cases either the French authorities have been deceived as to the ultimate destination or the shipments have been legally made under uncanceled contracts.

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"B" UNITED KINGDOM. Arms Aid to Yugoslavia to be Speeded. Following a UK suggestion that the Anglo-US-French Working Group on aid to Yugoslavia be reconvened in Washington to discuss the Yugoslav list of desired military requirements recently furnished to the British, the UK Government has stated [REDACTED] that financial considerations should not be allowed to obstruct Yugoslav armament. [REDACTED]

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COMMENT: The British initiative in this matter testifies to increasing British concern over Yugoslavia's defense capabilities, a concern emphasized by the previous British caution about direct Western military assistance to Tito. The gradual improvement in relations between London and Belgrade, fostered by such events as the exchange of visits by important personages, has undoubtedly facilitated the British decision to speed military aid to Yugoslavia.

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